

Approved For Release <1 <sup>1 of 1</sup>  
2009/09/29 :   
CIA-RDP85T00875R00150015

Approved For Release  
2009/09/29 :   
CIA-RDP85T00875R00150015

**Secret**

25X1



# Economic Intelligence Weekly

**Secret**

CIA No. 8139/74  
21 August 1974

Copy **Nº 249**

**Page Denied**

Secret

25X1

## ECONOMIC INTELLIGENCE WEEKLY

21 August 1974

## INDUSTRIAL NATIONS

Britain's Labor Party, hoping to avoid backlash at the polls, has narrowed the scope of its program for increasing state control over industry. The Conservatives, in anticipation of a fall election, have come up with an economic package designed to appeal to party moderates and the middle class. The package calls for restraints on pay, prices, and public expenditures and for the encouragement of private investment. [REDACTED]

25X1

Japan: Searching for Foreign Funds; Tokyo is seeking as much as \$2 billion in medium- and long-term loans to help pay its oil bills in the remainder of 1974. [REDACTED]  
(See page 4.) 25X1

Italy's Austerity Program: Amended But Not Gutted; The Rumor government's austerity package of tax increases was pushed through parliament with amendments that lessened the impact on low-income groups. [REDACTED]  
(See page 3.) 25X1

The Greek Government has announced a series of measures to deal with the country's pressing economic problems, the result of overexpansion in 1973 and the dislocations of the Cypriot crisis. The measures include the reduction of quantitative restrictions on financing, particularly for industrial enterprises, cuts in the budget deficit, and a tight rein on credit expansion. [REDACTED]

25X1

Input Squeeze Hits Steel Industry; The Free World's booming steel industry faces shortages of coking coal and scrap that will hold output below previously anticipated levels. [REDACTED] (See page 1.)

25X1

## INTERNATIONAL MARKETS

Reported OPEC Investments Buoy the Dollar; Reports that oil producers are investing more funds in the United

States helped push the dollar up sharply on foreign exchange markets last week. [REDACTED] (See page 5.)

The Price of Gold rose by \$3.00 an ounce last week to \$155.25. [REDACTED] 25X1

Copper Prices in London reacted to news of pending settlement of US copper strikes by sliding 3 cents a pound to 81.5 cents on Monday. Lead and zinc followed copper prices down to monthly lows on Monday of 24.6 cents and 47 cents a pound, respectively. US steel scrap prices dropped to their lowest level in two months to \$112.80 per long ton after a steady increase since mid-May. [REDACTED] 25X1

International Shipping Depressed by World Slowdown; The reduced pace of the international economy has forced down shipping rates and has led to a cutback in orders for new ships. [REDACTED] (See page 6.) 25X1

25X1

## COMMUNIST COUNTRIES

Financing Exports to the USSR Without Eximbank; Sale of General Electric gas compressors requires new pattern of financial arrangements. [REDACTED] (See page 6.)

China: Petroleum Export Prospects; PRC exports of petroleum, mainly to Japan, could reach 5 million tons in 1974, 10 million tons in 1975, and 50 million tons (1 million b/d) in 1980. [REDACTED] (See page 4.) 25X1

25X1

## AGRICULTURE

Canadian prospects for a smaller wheat harvest and transportation difficulties point to lower than expected exports of wheat. If the current Lakers ship strike and west coast dock workers slowdown are not quickly settled, demand for US wheat could strengthen. [REDACTED] 25X1

i

Secret

Secret

**Jump in US Sugar Prices;** Tight supplies in the free market for sugar have led to a 70% rise in US prices since April. [redacted] (See page 6.)

25X1

#### DEVELOPING COUNTRIES

**Iran Nears Concorde Purchase;** The managing director of Iran Air reported the "almost certain" purchase of three of the supersonic craft by yearend. [redacted] (See page 7.)

25X1

#### PUBLICATION OF INTEREST

**Economic Intelligence Statistical Handbook** (See page 7.)

#### COMPARATIVE INDICATORS

**Recent Data Concerning Internal Economic Activities**  
(See page A-1.)

**Recent Data Concerning External Economic Activities**  
(See page A-2.)

**Metal Prices** (See page A-3.)

Secret

## Articles

## INPUT SQUEEZE HITS STEEL INDUSTRY

The Free World's booming steel industry faces shortages of coking coal and scrap that will hold output below previously estimated levels.

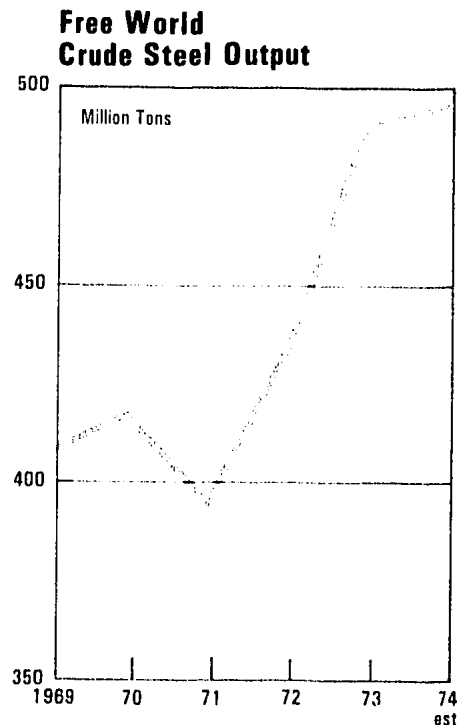
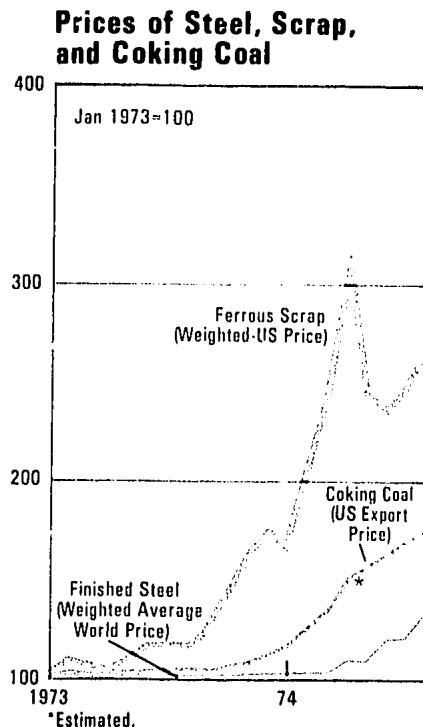
## Unprecedented Demand

After slipping in 1971, Free World crude steel production climbed by 10% in 1972. In 1973, production jumped another 13%, to a record 490 million tons.

Despite the economic slowdown in several developed countries in the first half of 1974, demand for steel has remained strong. Large orders flowed in from the oil industry, and many other consumers expanded inventories in expectation of rising prices. In the EC, order backlogs lengthened to two months, even though steel mills drew down inventories. Demand also edged ahead of production in Japan and in the United States, where output declined slightly because of shutdowns for blast furnace maintenance. Continuing strong demand is forecast by the International Iron and Steel Institute, the EC Commission, and most industry officials.

## Shortages of Coking Coal

Industry experts in Japan, Western Europe, and the United States cite the shortage of coking coal as their principal concern. Pressures on supplies are reflected



563991 8 74

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed.

25X1

25X1

Secret

Secret

in the 40% to 50% rise in the export price of US coking coal in 1974. Metallurgical coal stocks in Japan, which imports most of its needs, were down 48% in June 1974 from a year earlier. The coke shortage in the EC is acute. In March 1974, pit-head stocks of coking coal were down 50% in West Germany and the United Kingdom, 36% in France and Belgium, and 80% in the Netherlands, compared with March 1973.

The EC shortage stems from:

- labor disputes in the first quarter of 1974, which reduced output in the United Kingdom and in Australia, an important supplier for the EC;
- reduction of French and Dutch output due to high costs and depleted reserves;
- diversion of high-grade coking coal from steel production to electric power production in the wake of the oil supply crisis and soaring oil prices; and
- strong domestic demand for coal in the United States and Canada, which held down exports.

### **Tight Scrap Supplies**

West European supplies of ferrous scrap have become increasingly tight during the past few years. One reason is the greater use of electric-arc furnaces, which require a large scrap input. Another reason is expanded steel production in scrap-deficient countries such as Italy. West Germany is the only major European source of scrap for other EC countries.

Projected EC scrap demand for 1974 is 55 million tons, with nearly 3 million tons scheduled to be imported from outside the Community – almost half from the United States. In fact, these import needs probably will exceed 3 million tons. The failure of EC scrap recovery programs, especially in West Germany, has reduced the supply of West German scrap for export while increasing import demand by other EC nations. Meanwhile, reduced activity in scrap-producing industries such as automobile manufacture has diminished scrap availabilities throughout the world, and US scrap exports to the EC are limited by government quota to 197,000 tons per quarter.

25X1

\* \* \* \*

Secret

Secret

### ITALY'S AUSTERITY PROGRAM: AMENDED BUT NOT GUTTED

After lengthy discussion and numerous amendments, the Rumor government succeeded in pushing its austerity package of tax increases through parliament last week. The amendments apparently will not cut the increase in revenues much below the government's initial goal of \$4.7 billion for the next 12 months. In conjunction with tight monetary policies, the new tax bill foreshadows a drop in domestic demand during the second half of 1974.

Rumor's coalition amended its proposals under pressure from the labor unions and the Communist Party. The amendments lighten the tax burden on low-income groups at the expense of corporations and high-income groups. The amended bill provides for:

- a one-time surcharge on incomes of more than \$15,000;
- an increase in income tax exemptions on wages and salaries;
- a boost in the corporate income tax rate from 25% to 35% instead of the 30% originally suggested;
- an increase from 18% to 30% in the new value-added tax on luxury goods and an expansion of the items covered; and
- an increase from 6% to 18% in the value-added tax on most beef and veal products – not on all of them, as initially proposed.

This deflationary tax package should hold the deficit in the 1974 cash budget to about \$12 billion, the same as in 1973. With prices up 20% or more, the deficit in real terms would fall sharply.

Certain of the amendments, notably the increase in the corporate income tax rate, threaten to restrict investment rather than consumption. Private investment has already been weakening because of tight monetary policy – another aspect of the government's austerity program. The monetary authorities held credit expansion in the second quarter to within the limits accepted in exchange for an IMF loan; in July they even ordered the commercial banks to freeze their short-term borrowing abroad to minimize growth in domestic credit. Interest rates remain very high in nominal terms, with the prime rate at 18% to 20%.

The austerity program will cut import demand and help reduce the trade deficit. Italy nevertheless faces a serious balance-of-payments problem. The government, therefore, is likely to follow up ratification of its tax package with formal requests for long-term loans from West Germany and other sources.

25X1

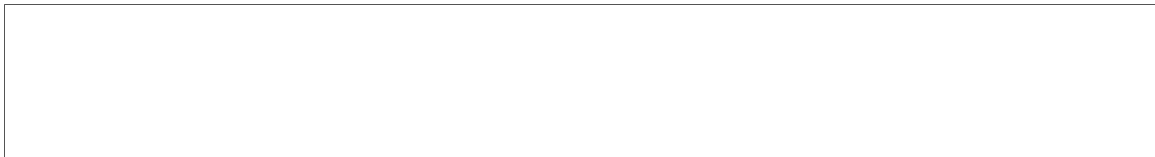
\* \* \* \*



Secret

**CHINA: PETROLEUM EXPORT PROSPECTS\***

A. The PRC will earn about \$350 million from the sale of 4 million tons of crude to Japan during 1974 and may offer another million tons before yearend.

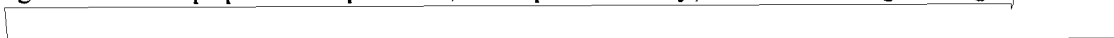


25X1

C. So far, exploitation of the promising offshore deposits is confined to the shallow waters of the Pohai Gulf. Activity in the deeper waters of the continental shelf has been limited to geological surveys.

D. Unless China encounters unexpected difficulties in achieving the output of crude oil necessary to meet increased domestic and export requirements, Peking will shun joint ventures, direct foreign investment, or product sharing.

E. The abundance of oil will ease, not solve, China's deep-seated problems grounded in population pressure, low productivity, and technological lags.



25X1

\* \* \* \*

**JAPAN: SEARCHING FOR FOREIGN FUNDS**

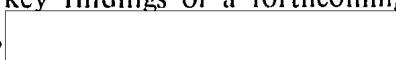
Tokyo is seeking as much as \$2 billion in medium- and long-term loans to help pay its oil bill in the remainder of 1974. The first-half deficit in the basic balance of \$8.4 billion was more than offset by short-term borrowing of commercial banks in the Eurodollar and US acceptance markets. Concern over the rapid buildup in short-term foreign debt motivates the shift in borrowing patterns. Some Japanese banks, already overextended, are having trouble refinancing loans in Europe.

Although the payments picture is improving, Japan is heading for a deficit of about \$3 billion in the second half unless new sources of long-term loans are tapped. Tokyo hopes to obtain funds from the Eurodollar market, US banks, and the oil producers themselves.



25X1

\* This article presents the key findings of a forthcoming memorandum, *China: Petroleum Export Prospects*,



25X1

Secret

Secret

Even if these efforts are successful, Japan probably will incur a payments deficit of \$1 billion or so in the second half. Such a deficit could readily be covered by official foreign exchange reserves. Heavy foreign borrowing by commercial banks and a subsequent drawdown by the Bank of Japan of dollar deposits in these banks enabled Tokyo to raise official holdings to \$13.4 billion on 30 June, up \$1 billion from 31 December. The official reserve position remains strong even though the central bank transferred \$750 million to commercial banks during the past month to compensate for the increased difficulty of borrowing abroad.

25X1

\* \* \* \*

### REPORTED OPEC INVESTMENTS BUOY THE DOLLAR

Reports that oil producers are investing more funds directly in the United States were a major factor pushing the dollar up sharply on foreign currency exchanges last week. The pound declined nearly 2% against the dollar on news that Kuwait was transferring some funds from the United Kingdom to the United States. Other European currencies declined from 1% to 2% in relatively active trading. The yen was down only slightly for the week.

The reports of a movement of oil funds from sterling to dollars apparently stem from the receipt by Kuwait of a larger portion of its mounting oil revenues in dollars; we believe that Kuwait's sterling balances continue to increase. Under an agreement reached in May between Kuwait and the oil companies -- retroactive to the beginning of the year -- payments are now being made predominantly in dollars. Formerly, the taxes and royalties that constituted 75% of Kuwaiti oil receipts were paid mainly in sterling. The remaining 25% consisted of payments made in dollars for government-owned oil. At the current production level, company payments in dollars for government-owned oil will make up more than half of Kuwaiti receipts.

If Kuwait continues to receive the bulk of its revenues in dollars, the United Kingdom will be forced to seek further financing to cover its oil import bill. Oil-related sterling deposits by the producing countries financed much of Britain's \$4.75 billion current account deficit for the first seven months of 1974. Although the British arranged medium-term Eurodollar credits this year to meet their current account deficits, they have had to publicly borrow only \$1.7 billion. This level of public borrowing will have to increase sharply if the present trend continues.

25X1

\* \* \* \*

Secret

Secret

## Notes

25X1

**International Shipping Depressed by World Slowdown**

25X1

The worldwide economic slowdown is depressing the international shipping and shipbuilding markets. Reduced demand for oil has caused major dislocations in the world tanker market; charter rates have plummeted to one-fourth of their pre-October War levels. The outlook for bulk and dry cargo shipping is likewise gloomy. Trade has been growing more slowly in major industrial countries while shipping capacity has been increasing substantially. The switchover of multipurpose oil-bulk-ore carriers from the oil trade is aggravating the situation and forcing rates down. As a result, ship orders in the second quarter of 1974 fell for the first time in three years. Orders for new tankers plunged, especially for those in the 250,000-DWT-and-up class. Some longer range contracts have been canceled or sold, and production schedules are being stretched out. [REDACTED]

25X1

**Jump in US Sugar Prices**

Tight supplies in the free market for sugar have led to a 70% rise in US prices since April, to 31 cents per pound f.o.b. Caribbean ports. Brazil and India have fallen behind on shipments because higher prices could be obtained in the free market. Other countries apparently are holding back supplies in expectation of further price increases. Contributing to the slowdown in US imports is the scheduled expiration of the US Sugar Act after 1974; suppliers now have less incentive to fill their quotas. Pressure on US prices should abate later this year, when demand eases from its seasonal peak and when some suppliers probably will step up shipments as a hedge against extension of the Sugar Act. [REDACTED]

25X1

Secret

Secret

**Iran Nears Concorde Purchase**

General Ali Khademi, managing director of Iran Air, recently stated that it is "almost certain" that Iran will purchase three Concorde by the end of the year. Iran currently has preliminary purchase agreements on two Concorde and options on a third. The supersonic aircraft was recently on display in Tehran and has been demonstrated to many of the world's major airlines. Firm sales orders for the Concorde currently stand at nine -- all these to the captive markets of British Airways or Air France. [REDACTED]

25X1

**Publication of Interest**

**Economic Intelligence Statistical Handbook, 1974**  
(ER H 74-1, July 1974). [REDACTED]

25X1

The *Handbook* provides economic data for selected non-Communist countries and all the Communist countries. In general, the statistics cover 1965-73 and include information on economic aggregates, international trade, foreign aid, key commodities, transportation, communications, and energy.

Secret

## INTERNAL ECONOMIC INDICATORS

## GNP\*

Constant Market Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest Quarter	from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 II	0.3	3.6	-1.1	-1.2
Japan	74 I	-5.0	5.8	-3.6	-18.6
West Germany	74 I	1.2	3.5	1.5	5.0
France	73 IV	1.8	5.8	5.7	7.3
United Kingdom	74 I	-3.5	1.9	-4.4	-13.3
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 I	1.7	5.4	3.0	7.0

## WHOLESALE PRICES

Industrial

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Jul 74	2.7	9.3	25.1	34.2
Japan	Jul 74	1.1	11.3	34.2	13.2
West Germany	Jun 74	0.2	7.0	13.1	10.3
France	Jun 74	-1.0	12.8	34.3	13.0
United Kingdom	Jul 74	1.5	11.2	25.0	20.9
Italy	May 74	0.7	14.5	43.0	35.6
Canada	May 74	0.8	11.2	23.5	30.4

## INDUSTRIAL PRODUCTION\*

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Jul 74	0	4.5	-0.6	4.0
Japan	Jun 74	-2.5	6.6	-0.9	-7.1
West Germany	May 74	1.1	3.5	0	-0.7
France	May 74	2.4	6.1	2.4	-1.1
United Kingdom	Jun 74	0	2.1	-2.6	20.3
Italy	Jun 74	5.7	5.8	6.5	3.9
Canada	May 74	-0.5	6.2	2.6	2.5

## CONSUMER PRICES

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Jun 74	1.0	6.1	11.1	11.7
Japan	May 74	0.3	11.3	23.1	15.7
West Germany	Jun 74	0.4	6.3	6.9	5.5
France	Jun 74	1.1	8.0	13.8	16.9
United Kingdom	Jul 74	0.9	10.6	17.1	14.0
Italy	Jul 74	2.4	9.9	18.7	22.3
Canada	Jul 74	0.8	6.6	11.3	15.9

## RETAIL SALES\*

Current Prices

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Jul 74	4.2	10.2	8.4	14.6
Japan	Apr 74	1.2	12.5	13.8	-5.8
West Germany	Mar 74	-1.3	8.2	5.6	14.6
France	Apr 74	-3.1	6.1	15.0	5.5
United Kingdom	Mar 74	1.3	12.0	9.4	6.5
Italy	Dec 73	3.1	17.2	25.5	47.1
Canada	May 74	5.1	12.4	18.2	17.7

## MONEY SUPPLY\*

	Percent Change		Average Annual Growth Rate Since		
	Latest Month	from Previous Month	1970	1 Year Earlier	3 Months Earlier**
United States	Jul 74	-0.1	6.7	5.4	9.5
Japan	May 74	3.0	17.9	14.6	19.8
West Germany	May 74	0	8.8	4.1	10.1
France	Feb 74	-0.3	11.9	9.0	14.9
United Kingdom	Jun 74	-0.6	8.7	0.8	8.3
Italy	Dec 73	2.6	21.2	17.9	22.1
Canada	Jun 74	-2.0	13.0	11.2	21.2

## MONEY-MARKET RATES

			Percent Rate of Interest				
Representative Rates			Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Aug 7	11.43	8.50	9.00	9.00	
Japan	Call money	Jul 31	13.25	7.50	12.00	12.63	
West Germany	Interbank loans (3 Months)	Aug 7	9.44	15.08	8.70	9.10	
France	Call money	Jul 31	13.50	8.75	12.88	14.25	
United Kingdom	Sterling interbank loan (3 mo)	Aug 7	13.08	11.75	13.29	13.27	
Canada	Finance paper	Aug 7	11.63	7.50	11.15	11.05	
Euro-Dollars	Three-month deposits	Aug 7	13.60	11.50	11.74	13.91	

\*Seasonally adjusted.  
 \*\*Average for latest 3 months compared with average for previous 3 months.

21 August 1974  
 Office of Economic Research/CIA

Note: US data provided by US government agencies

## EXTERNAL ECONOMIC INDICATORS

## EXPORTS\*

f.o.b.

	Latest Month	Cumulative			
		Million US \$	Million US \$		Percent Change
			1974	1973	
United States	Jun 74	8,357	48,608	32,110	45.1
Japan	Jul 74	4,878	29,498	19,789	49.1
West Germany	Jun 74	8,320	42,786	29,793	43.6
France	Jul 74	3,900	26,118	20,266	28.9
United Kingdom	Jul 74	3,237	20,234	16,109	25.6
Italy	Jun 74	2,270	13,285	9,401	41.3
Canada	Jun 74	2,653	15,465	12,148	27.3

## EXPORT PRICES

US \$

US\$	Average Annual Growth Rate Since				
	Percent Change from Previous			1 Year	3 Months
	Latest Month	Month	1970	Earlier	Earlier
United States	Jun 74	3.1	11.8	28.0	14.7
Japan	Jun 74	0.9	17.1	35.1	29.7
West Germany	Jun 74	-3.8	14.6	18.6	24.8
France	Mar 74	6.2	13.1	12.8	8.7
United Kingdom	Mar 74	7.2	11.0	19.4	49.6
Italy	Jan 74	-1.2	10.0	19.1	-9.8
Canada	Apr 74	3.2	14.8	43.0	78.7

## IMPORTS\*

f.o.b.

	Latest Month	Cumulative			
		Million US \$	Million US \$		Percent Change
			1974	1973	
United States	Jun 74	8,622	46,871	33,058	41.8
Japan	Jul 74	4,744	30,939	16,937	82.7
West Germany	Jun 74	4,828	30,420	23,250	30.8
France	Jul 74	4,515	28,508	19,465	46.5
United Kingdom	Jul 74	4,402	27,521	18,398	49.6
Italy	Jun 74	2,827	16,852	10,708	57.4
Canada	Jun 74	2,735	14,931	11,101	34.5

## EXPORT PRICES

National Currency

National Currency	Average Annual Growth Rate Since				
	Percent Change			1 Year Earlier	3 Months Earlier
	Latest Month	From Previous Month	1970		
United States	Jun 74	3.1	11.8	28.0	14.7
Japan	Jun 74	2.7	10.2	44.5	30.6
West Germany	Jun 74	0.2	4.7	17.7	13.5
France	Mar 74	3.4	8.8	20.2	32.7
United Kingdom	Mar 74	4.2	11.8	26.4	44.5
Italy	Jan 74	4.9	10.9	31.3	52.2
Canada	Apr 74	2.7	12.5	38.2	62.0

## TRADE BALANCE\*

f.o.b./f.o.b.

	Latest Month	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
United States	Jun 74	-265	-263	-948	685
Japan	Jul 74	133	-1,441	2,852	-4,293
West Germany	Jun 74	1,491	12,366	6,543	5,824
France	Jul 74	-815	-2,393	801	-3,194
United Kingdom	Jul 74	-1,166	-7,287	-2,289	-4,998
Italy	Jun 74	-556	-3,566	-1,307	-2,259
Canada	Jun 74	-82	534	1,047	-512

## IMPORT PRICES

National Currency

National Currency	Average Annual Growth Rate Since				
	Percent Change			1 Year Earlier	3 Months Earlier
	Latest Month	from Previous Month	1970		
United States	Jun 74	0	18.5	47.8	34.8
Japan	Jun 74	2.3	17.7	83.2	27.7
West Germany	Jun 74	0.2	6.4	27.7	9.9
France	Mar 74	5.9	14.2	52.1	177.0
United Kingdom	Mar 74	6.4	20.9	60.9	107.4
Italy	Jan 74	10.8	19.6	65.5	125.4
Canada	Apr 74	-1.5	9.9	27.6	57.1

## BASIC BALANCE\*\*

Current and Long-Term-Capital Transactions

		Latest Period	Cumulative (Million US \$)		
		Million US \$	1973	1972	Change
United States *	74 I	2,065	2,065	-1,006	3,071
Japan	Jul 74	-590	-9,010	-5,158	-3,852
West Germany	May 74	1,247	4,500	1,391	3,108
France	73 IV	-431	-2,471	-369	-2,102
United Kingdom	73 IV	-1,394	-3,164	-1,954	-1,210
Italy	73 II	-336	639	971	-332
Canada	74 I	-195	-195	-191	-4

## EXCHANGE RATES

Spot Rate

As of 16 Aug 74

As of 16 Aug 74		Percent Change from				
		US \$ Per Unit	Dec 66	18 Dec 1971	19 Mar 1973	9 Aug 1974
Japan (Yen)		0.0033	19.68	1.69	-13.17	-0.06
West Germany	(Deutsche Mark)	0.3810	51.55	22.78	7.60	-1.42
France (Franc)		0.2076	2.82	5.43	-5.81	-1.47
United Kingdom	(Pound Sterling)	2.3390	-16.18	-10.23	-4.96	-1.29
Italy (Lira)		0.0015	-4.68	-11.28	-13.79	-0.52
Canada (Dollar)		1.0217	10.77	2.40	2.41	-0.21

## OFFICIAL RESERVES

	Latest Month		Billion US \$		
	End of	Billion US \$	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Jun 74	14.9	14.5	12.9	14.6
Japan	Jul 74	13.2	4.1	15.2	12.7
West Germany	Jun 74	34.2	8.8	32.3	32.9
France	Jun 74	8.2	4.4	11.6	8.1
United Kingdom	Jul 74	6.7	2.8	6.6	7.0
Italy	Jun 74	5.3	4.7	6.0	6.7
Canada	Jul 74	6.0	4.3	5.8	6.2

## TRADE-WEIGHTED EXCHANGE RATES\*\*\*

As of 16 Aug 74

	Percent Change from	Percent Change from		
		18 Dec 1971	19 Mar 1973	9 Aug 1974
		Dec 66	1971	1974
United States	-14.40	-5.15	1.42	0.61
Japan	10.21	-3.33	-15.12	0.31
West Germany	29.87	12.94	7.93	-0.43
France	-18.20	-4.82	-7.27	-0.44
United Kingdom	-35.10	-20.91	-6.52	-0.56
Italy	-25.26	-23.94	-17.04	0.61
Canada	8.27	1.67	3.31	0.02

\*Seasonally adjusted.

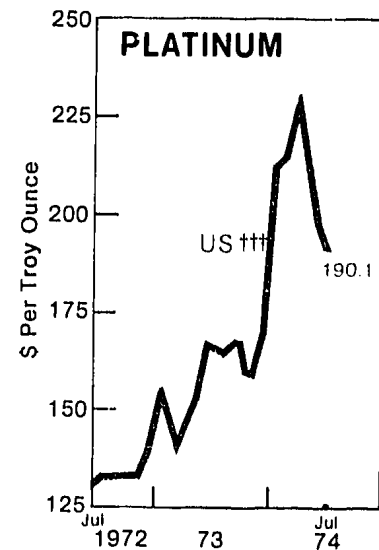
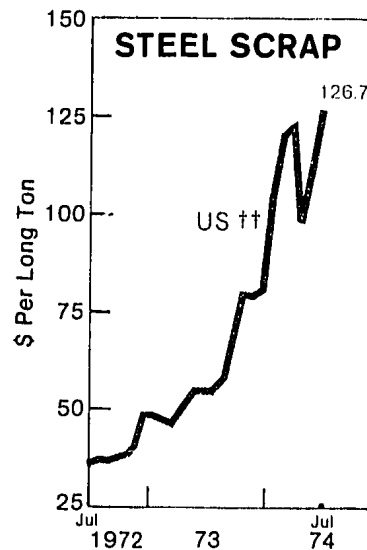
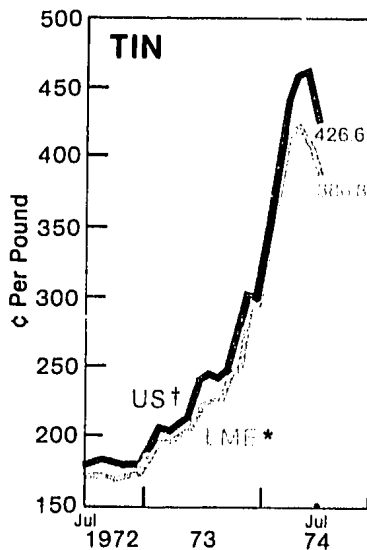
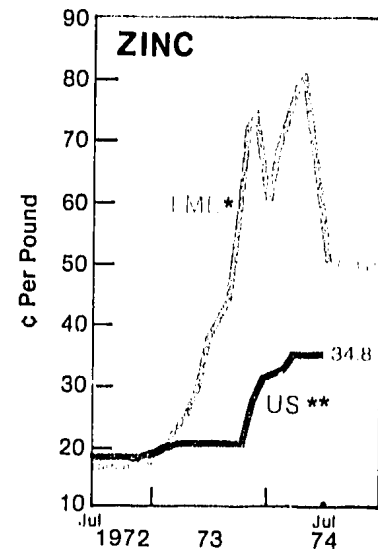
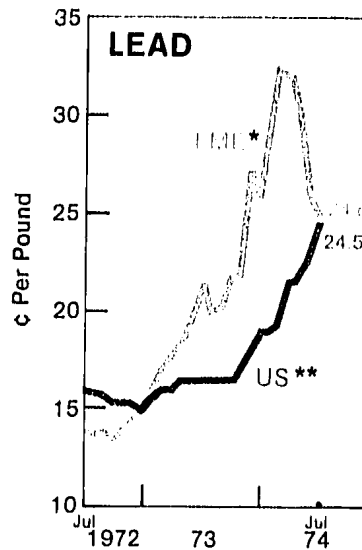
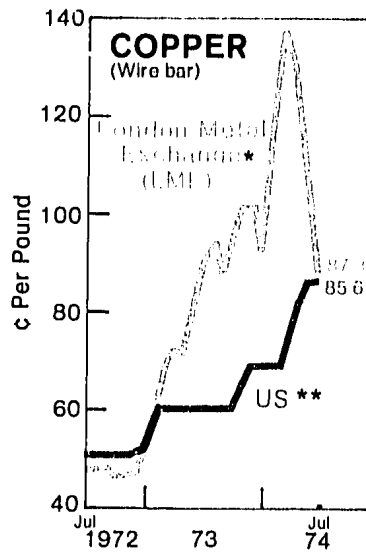
\*\*Converted into US dollars at current market rates of exchange.

\*\*\*Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

21 August 1974

**METAL PRICES**

(Monthly Average Price)

**COMMODITIES**

## Cash Prices

	19 Aug	Week Ago	Jul 74 Average	Aug 73 Average
Copper-LME (¢ per pound)	81.5	82.8	87.3	94.1
Copper-US (¢ per pound)	85.6	85.6	85.6	59.5
Lead-LME (¢ per pound)	24.6	25.7	24.8	19.7
Lead-US (¢ per pound)	24.5	24.5	24.5	16.5
Zinc-LME (¢ per pound)	47.0	49.4	50.0	41.2
Zinc-US (¢ per pound)	35.0	35.0	34.8	20.3
Tin-LME (¢ per pound)	391.9	339.4	386.8	226.1
Tin-US (¢ per pound)	418.8	414.2	426.6	243.6
Steel scrap (\$ per long ton)	112.8	119.2	126.7	55.1
Platinum (\$ per troy ounce)	187.5	187.5	190.1	165.1

\*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

\*\*Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh. ††† New York dealers' price.